



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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April 28, 1998

Kim E. Wilson  
MCW Enterprises LLC  
P.O. Box 192  
Hanksville, Utah 84734

Re: Acceptance of Notice of Intention to Commence Small Mining Operations, MCW Enterprises LLC, Crescent Creek/May Day Mill site Project, S/017/043, Garfield County, Utah

Dear Mr. Wilson:

Thank you for your Notice of Intention to Commence Small Mining Operations, originally received by the Division by facsimile on December 6, 1997. I also thank you for the telephone call on February 2, 1998 concerning the status of your proposed activities for the Crescent Creek/May Day Mill site project.

On March 18, 1998 we received your latest letter and revised small mining notice for MCW Enterprises LLC's (MCW) Crescent Creek/May Day Mill site Project. Please accept my apology for the unforeseen delay in processing your revised application. MCW has now decided to scale back their earlier plans for a large scale mining, milling and smelting operation and will now proceed on a smaller scale phased approach. Your latest letter indicates that we should only reference certain portions of the December 6, 1997 notice (principally the May Day Claims/Eagle Bench area) and disregard the rest. Your letter requests our acceptance of the Upper May Day Mill and placer mine site(s) located in Sections 29 and 30, T31S, R10E, SLBM, Garfield County, Utah. Your *latest* small mining notice is considered complete and the proposal is hereby accepted. The following activities are authorized under this notice:

- Construction and use of one 300-ton/day (30-ton/hr.), full gravity separation and concentration milling & crushing facility to be located at the May Day claim site (Section 30, T31S, R10E). The millsite area will occupy an area of approximately 100 ft X 200 ft.
- Construction of a small 25ft. X 25ft., shallow holding pond to be used for disposal of the mud and silt which is to be augered from the desilting filters.
- Use of a 4000 gallon water storage tank to be used to supply water to the milling circuit. Clean desilted waters will be recycled back into the milling circuit and makeup water will be obtained from the existing main water storage reservoirs as needed.
- Utilization of an existing surface placer pit which will be expanded to approximately 100 ft X 300 ft. The placer ore removed from the pit will be processed in the mill.

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For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices," and the statutory penalty for failure to reclaim a minesite (SMO-1). Please give special consideration to item #10 of the "Operation and Reclamation Practices. Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

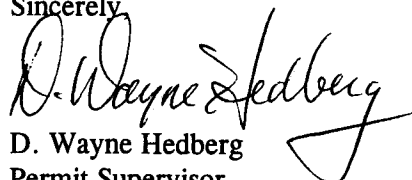
Should you wish to expand your operation beyond the five (5) acre limitation, please notify this office as soon as possible to discuss the necessary permitting requirements. As you know, approval of a large mining notice could take from six to twelve months or longer.

A Memorandum of Understanding between this Division and the State Department of Environmental Quality (DEQ) requires us to notify them upon receipt of a mining application. If you haven't already done so, you are advised to contact their office prior to starting your small mining operation to determine whether additional permits and/or approvals are required. We will forward a copy of this letter and your notice to the DEQ for their review. Their address and phone number is: Department of Environmental Quality, 288 North 1460 West, Salt Lake City, Utah, 84116, (801) 538-6146.

Approval of mineral exploration or mining operations by the Division of Oil, Gas and Mining does not constitute approval to commence operations upon lands under state mineral leases/school sections administered by the School and Institutional Trust Lands Administration, or federal lands managed by the Bureau of Land Management (BLM) or United States Forest Service (USFS). Before conducting mining operations on these lands, the operator must provide written notification, meet bonding requirements, and obtain written approval from the appropriate agency. School and Institutional Trust Lands Administration can be reached at: 675 East 500 South, Salt Lake City, Utah 84102; phone number (801) 538-5100. You will need to contact the appropriate BLM Resource Area or USFS Ranger District for their requirements.

Thank you for your cooperation. When in the area, a member of the Division staff will examine the site. Best wishes with your mining and milling operations.

Sincerely



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosure

cc: Kiran Bhayani, DWQ w/NOI  
Roger L. Bon, UGS  
Francis Rakow, Henry Mtn. RA  
Tracking File

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